



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

August 2002

NATIONAL COMMODITY PRICES CONTINUE TO BE SLUGGISH

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for butter and nonfat dry milk were relatively the same compared to last month, consequently the price for whole, reduced fat, lowfat, and skim milks remained unchanged from last month.

The national commodity price for Cheddar cheese increased slightly, however cheese offerings are exceeding demand. Cream demand from ice cream plants is on the increase, but overall, consumer demand for dairy products is down from last year levels. This could partly be due to the lackluster economy and the fact that despite commodity prices being down, retail prices have not reflected the price changes evident in wholesale markets.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for September 2002

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole Milk	\$1.060	\$0.530	\$0.265	\$0.132	\$0.088	\$0.066
Reduced Fat (2%)	\$1.006	\$0.503	\$0.251	\$0.126	\$0.084	\$0.063
Lowfat (1%)	\$0.978	\$0.489	\$0.245	\$0.122	\$0.082	\$0.061
Nonfat (Skim)	\$0.759	\$0.380	\$0.190	\$0.095	\$0.063	\$0.047
Southern California						
Whole Milk	\$1.083	\$0.542	\$0.271	\$0.135	\$0.090	\$0.068
Reduced Fat (2%)	\$1.029	\$0.515	\$0.257	\$0.129	\$0.086	\$0.064
Lowfat (1%)	\$1.002	\$0.501	\$0.251	\$0.125	\$0.084	\$0.063
Nonfat (Skim)	\$0.783	\$0.392	\$0.196	\$0.098	\$0.065	\$0.049

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Reduced Fat (2%)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Lowfat (1%)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Nonfat (Skim)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

California Department of Food and Agriculture (CDFA)

William (Bill) Lyons Jr., Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 654-1456; Website: www.cdca.ca.gov/dairy; email address: dairy@cdca.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

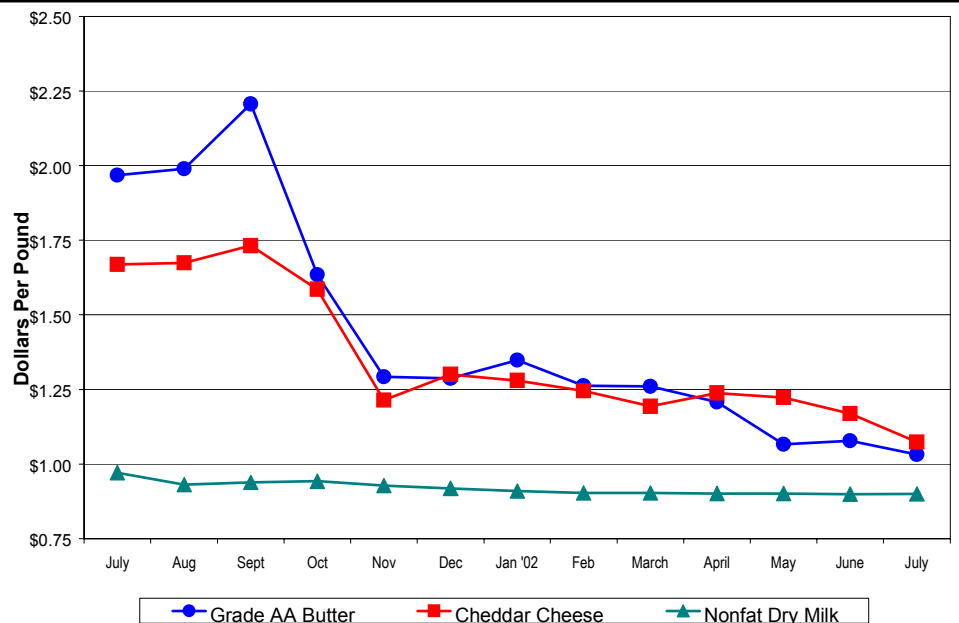
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)	Butter (\$/lb)	Cheese (\$/lb)
February	\$0.21	\$1.32	\$0.51	\$1.11	\$1.04
March	\$0.21	\$1.32	\$0.51	\$1.10	\$1.02
April	\$0.20	\$1.25	\$0.48	\$1.04	\$1.06
May	\$0.20	\$1.25	\$0.48	\$0.92	\$1.02
June	\$0.20	\$1.16	\$0.45	\$0.90	\$0.96
July	\$0.20	\$1.16	\$0.45	\$0.88	\$0.89
Aug	\$0.20	\$1.09	\$0.43	_____	_____

National Commodity Prices for July 2001 - July 2002

Grade AA Butter,
Block Cheddar
Cheese, and Nonfat
Dry Milk Prices Used in
the Calculation of
California Milk Prices



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